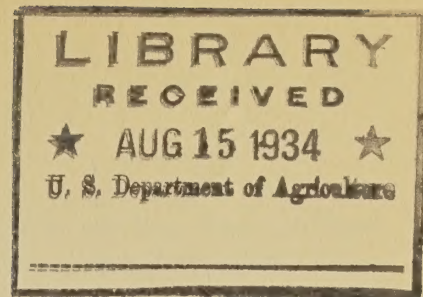


Confidential?



LICENSE FOR MILK

SALES AREA

Whereas, it is provided by Section 8 of the Act as follows:

"Sec. 8. In order to effectuate the declared policy, the Secretary of Agriculture shall have power - * * *

"(3) To issue licenses permitting processors, associations of producers and others to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof, or any competing commodity or product thereof. Such licenses shall be subject to such terms and conditions, not in conflict with existing Acts of Congress or regulations pursuant thereto, as may be necessary to eliminate unfair practices or charges that prevent or tend to prevent the effectuation of the declared policy and the restoration of normal economic conditions in the marketing of such commodities or products and the financing thereof. * * *

"(4) To require any licensee under this section to furnish such reports as to quantities of agricultural commodities or products thereof bought and sold and the prices thereof, and as to trade practices and charges, and to keep such systems of accounts, as may be necessary for the purpose of part 2 of this title. * * *

and

Whereas, due notice and opportunity for hearing with respect to the issuance of this License and with respect to the terms and provisions thereof have been afforded interested parties; and

Whereas, the undersigned finds that it is necessary to issue this License pursuant to section 8 (3) of said Act and that the terms and provisions hereof are necessary in order to effectuate the purposes of the Act; and

Whereas, the undersigned finds that this License and the terms and provisions hereof are in accordance with the provisions of section 8 (3) of the Act and tend to effectuate the purposes of the Act; and

Whereas, the undersigned finds that the handling of milk and the products thereof, covered by this License, is in the current of interstate (and/or foreign) commerce since the portion thereof which occurs within the bounds of a single state affects and actually and potentially competes with the handling of commodities and products which occurs between or among several states, and since the commodity, and the products thereof, covered by this License cannot be separated into interstate and intrastate portions, the supply and the handling thereof being

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY

OF THE UNITED STATES

OF AMERICA

OF THE UNIVERSITY OF CHICAGO

OF THE HISTORY

OF THE UNITED STATES

OF AMERICA

OF THE UNIVERSITY OF CHICAGO

OF THE HISTORY

OF THE UNITED STATES

OF AMERICA

OF THE UNIVERSITY OF CHICAGO

OF THE HISTORY

OF THE UNITED STATES

OF AMERICA

OF THE UNIVERSITY OF CHICAGO

inextricably commingled, so that it is impossible to regulate the interstate handling without also regulating the intrastate handling, and the failure to regulate the latter will defeat and obstruct the purposes of the Act with respect to the former:

Now, therefore, the Secretary of Agriculture, acting under the authority vested in him as aforesaid;

Hereby licenses each and every distributor to engage in the business of distributing, marketing or handling milk or cream as a distributor in the Sales Area, subject to the following terms and conditions:

PART I

As used in this License, the following words and phrases shall be defined as follows:

A. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk in conformity to the applicable health requirements of the Sales Area for milk to be sold for consumption as whole milk in the Sales Area.

B. "Distributor" means any of the following persons, irrespective of whether any such person is a producer or an association of producers, wherever located or operating, whether within or without the Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk or cream for ultimate consumption in the Sales Area:

1. Persons

- (a) who pasteurize, bottle or process milk or cream;
- (b) who distribute milk or cream at wholesale or retail
 - (1) to hotels, restaurants, stores or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;
- (c) who operate stores or other establishments selling milk or cream at retail for consumption off the premises.

2. Persons who purchase, market or handle milk or cream for resale in the Sales Area.

C. "Sales Area" means the territory within the corporate limits of and the territory within the following

Since milk is normally measured in hundredweights the quantities of milk are referred to in hundredweight. Where purchases and payments are "per pound butterfat" appropriate changes in terminology should be made throughout the Exhibits.

Illustrative trial balances of Pool Plans have been worked out in four sets. These plans cover the situations outlined above as follows:

Pool Plan No. I is for milk markets which receive their entire supply of milk at plants within the Sales Area, and which pay producers a blended price for all milk.

Pool Plan No. II is for markets which receive their entire supply of milk at plants within the Sales Area, and which pay producers on a base-surplus plan.

Pool Plan No. III is for markets which have country stations and freight differentials, and which pay producers a blended price for all milk.

Pool Plan No. IV is for markets which have country stations and freight differentials, and which pay producers on a base-surplus plan.

FORM I - (BLENDED PRICE) -- Note that several references apply also to FORM II - (BASE-SURPLUS PLAN).

FORM I - SECTION A.

*10 - Form I or II, Paragraph 1, 5 - Insert the letter of the Section dealing with new producers.

*11 - Form I or II, Paragraph 1 - It is preferable that the price of Class II milk be adjusted automatically with changes in the prices of other dairy products since cream from other sources can frequently be diverted into the Sales Area. A suggested form is as follows:

- "Class II - For each hundred pounds of milk, times
the average price per pound of 92 score
butter at wholesale in the
Market as reported by the United States
Department of Agriculture for the delivery
period during which such milk is purchased,
plus per cent thereof, plus cents."

3. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, in a manner prescribed by him and/or in accordance with forms of reports to be supplied by him, for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this License and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this License are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

4. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor who he has notice is violating any provision of this License.

5. The Secretary may by designation in writing, name any person, including any officer or employee of the Government, or name any Bureau or Division in the Department of Agriculture to act as his agent or agency in connection with any of the powers provided in this License to be exercised by the Secretary.

6. Each distributor who is obligated to report pursuant to paragraph of Section A of Exhibit A shall, within thirty days after the effective date of this License, furnish to the Market Administrator a bond with good and sufficient surety thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the

milk purchased by such distributor during any two successive delivery periods as designated by the Market Administrator) for the purpose of securing the fulfillment of such distributor's obligations as provided in Exhibit A. Any distributor who commences to do business after the effective date of this License shall, as a condition precedent to engaging in such business, furnish to the Market Administrator a bond in conformity with the foregoing provision.

The Market Administrator may, (a) if satisfied from the investigation of the financial condition of a distributor that such distributor is solvent and/or possessed of sufficient assets to fulfill his said obligations, or (b), if, pursuant to a State statute, a distributor has furnished a bond with good and sufficient surety thereon in conformity with the foregoing provision, waive the requirements of the bond as to such distributor. Such distributor may, upon a change in such circumstances, be required by the Market Administrator to comply with the foregoing requirement.

Each distributor who is unable to meet the requirements of the foregoing provisions, shall make periodic deposits with the Market Administrator at such times, in such amounts, and in such manner as the Market Administrator may determine to be necessary in order to secure the fulfillment of such distributor's obligations as provided in Exhibit A.

*4 -

7. If the applicability of any provision of this License to any person, circumstance or thing is held invalid, the applicability thereof to any other person, circumstance or thing, shall not be affected thereby, nor shall the validity of the remainder of this License be affected thereby. If any provision of this License is declared invalid, the validity of the remainder of this License shall not be affected thereby.

8. Nothing contained in this License is or shall be construed to be in derogation or modification of the rights of the Secretary, or of the United States (a) to exercise any powers granted by the Act or otherwise, and/or (b) in accordance with such powers, to act in the premises whenever such action is deemed advisable.

9. This License shall take effect as to every distributor at the time and upon the date set forth herein above the signature of the Secretary.

10. In the event this License is terminated or amended by the Secretary, any and all obligations which shall have arisen, or which may thereafter arise in connection therewith, by virtue of or pursuant to this License, and any violations of this License which may have occurred prior to such termination or amendment, shall be deemed not to be affected, waived or terminated by reason thereof, unless so expressly provided in the notice of termination of, or the amendment to this License.

In witness whereof, , Secretary of
Agriculture, does hereby execute in duplicate and issue this License
in the City of Washington, District of Columbia, on this
day of , 1934, and pursuant to the provisions
hereof, declares this License to be effective on and after 12:01 a.m.,
Eastern Standard Time, , 1934.

Secretary of Agriculture

SECTION . Deductions from Payments to Producers.

- *40 - 1. Each distributor shall deduct cents per hundredweight from the payments to be made by him pursuant to Section A in regard
*41 - to all milk delivered to him by producers who are not also distributors and shall, on or before the th day after the end of each delivery period, pay such deduction to the Market Administrator, and each distributor who produces milk distributed by him shall make a similar payment for milk produced by him and sold as Class I, Class II or Class III milk. Such payments shall be retained by the Market Administrator in a separate account to meet his cost of operation.

2. Upon the request of the Market Administrator each distributor shall, in addition, deduct, and on or before the th day of the
*41 - following delivery period, pay to the Market Administrator
*42 - cents per hundredweight from the payments to be made by such distributor pursuant to section A in regard to all milk delivered to him by producers for whom the following services are not currently rendered in a satisfactory manner by a producers' cooperative association for a similar charge or assessment:

- (a) market information;
- (b) supervision of weights and tests;
- (c) guarantee against failure by distributors to make payments for milk purchased.

Such payments shall be retained by the Market Administrator and shall be expended by him for the purpose of obtaining or securing services similar to those above named for producers who do not otherwise receive such services; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such funds in such amount as he may determine to such agent or agents for the purpose of securing to such producers the aforementioned benefits, if such benefits may be efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents, if he determines to do so, only upon the consent of such agent or agents: (a) to keep its or their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine its or their books and records, and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided. Such funds shall be kept separate by the Market Administrator and shall in no event be used by him, except as provided in this subdivision, to meet any costs or liabilities incurred by him under this License.

3. The Market Administrator, in his discretion, may at any time waive the foregoing payments or distribute any balance arising from such payments, or any part thereof, for any delivery period (in which event the deductions for payments so waived shall not be made by the distributors from payments to producers); any such waiver or the payments of any such balances shall be equal (a) among all producers with respect to the amounts paid to the Market Administrator pursuant to paragraph 1 above, and (b) among all producers from whom such deductions have been made pursuant to paragraph 2 above.

- SECTION . The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him pursuant to the License. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. Within forty-five (45) days following the date upon which he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary a bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled: (a) to reasonable compensation, which shall be determined by the Secretary; (b) to borrow money to meet his cost of operation until such time as the first payments are made to him pursuant to Section of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 1 of said Section ; and (c) to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any licensee or to any other person for errors in judgment, mistakes of fact or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this License. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purpose of (1) verifying the reports and information furnished to the Market Administrator by each distributor pursuant to this License and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this License, obtaining the information so required.

- SECTION . New Producers.

1. New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the Sales Area within 90 days prior to the effective date of this License. If any producer voluntarily ceases to market milk pursuant to the terms and provisions of the License for a period of forty-five consecutive days or more, he shall be considered as a new producer upon commencing to market milk pursuant to the terms and provisions of the License.

2. Each distributor upon first receiving milk from any producer shall immediately report to the Market Administrator (1) the name of such producer, (2) the date on which such producer's milk was first received, and (3) whether or not such producer is a new producer.

3. Each distributor shall pay to each new producer for all milk delivered by or handled for such new producer from the date
*51 - when milk is first received to the end of the full delivery period after such date (excluding any emergency period during which such producer receives payment pursuant to paragraph 4 hereof), the Class III price set forth in paragraph 1 of Section A.

*52 -

*53 - 4. During any emergency period when the normal supply of milk from producers (excluding new producers) is not sufficient to meet the Class I requirements of any distributor, such distributor, with the prior approval of the Market Administrator, may pay for milk purchased from new producers at the prices provided in paragraph 1 of Section A, depending on the ultimate use of such milk, in which event such payments shall not be included in the computations as provided in paragraph , Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer.

EXHIBIT B

RULES FOR ESTABLISHMENT OF BASES

1. For the purposes of this License, each producer shall be allotted a base as follows:

- (a) In the case of producers (excepting new producers)
- who are members of the
- hereinafter called the "Association", the quantity
- of milk recorded as such bases in the files and
records of the

provided, that such Association has given the Market
Administrator access to such files and records.
- (b) In the case of producers who are not members of the

bases shall be allotted by the Market Administrator,
which bases shall be equitable as compared with the
bases established pursuant to subdivision (a) above,
- (c) In the case of producers who are also distributors,
bases shall be allotted by the Market Administrator.

2. The Market Administrator may make such revisions in the bases of any and all producers as he may, from time to time, deem necessary or advisable, to the end that such bases may be equitable as among producers and that the total of all established bases may, so far as practical, be equal to the total quantity of milk sold or used by distributors as Class I and Class II milk.

3. Every distributor shall, within ten days of the effective date of this License, submit to the Market Administrator written reports, verified under oath, containing the following information (1) with respect to each producer who has delivered milk to such distributor and (2) for each calendar month during the years of 1933 and 1934 or such portion thereof as the producer may have delivered milk:

- (a) The total pounds of delivered milk.
- (b) The average percentage of butterfat in such delivered milk.
- (c) The total pounds of butterfat in such delivered milk.

2. (a) Class I milk means all milk sold or distributed by
- distributors as whole milk for consumption in the
Sales Area.

Class II milk means all milk used by distributors to
produce cream for sale or distribution by distributors as cream for
consumption in the Sales Area.

Class III milk means the quantity of milk purchased,
sold, used or distributed by distributors in excess of Class I and
Class II milk.

(b) Except as provided in subdivision (c), milk purchased ^{from it}
from producers by a distributor or produced by such distributor and ^{name}
sold during any delivery period as milk or cream outside the Sales Area
or sold as milk or cream by such distributor to another distributor
(including any person who sells, uses, or distributes such milk or cream
for ultimate consumption in any market with respect to which no License
is in effect pursuant to Section 8 (3) of the Act covering such purchase
from producers and such sale as milk or cream) shall be accounted for by
such selling distributor as Class I and Class II milk, respectively,
unless such selling distributor on or before the date fixed for filing
reports with the Market Administrator for such delivery period shall
furnish to the Market Administrator satisfactory proof that such milk
or cream has been utilized for a purpose other than the sale, use, or
distribution for ultimate consumption as milk or cream, in which event
such milk or cream shall be classified in accordance with such other use.

(c) Milk or cream sold in bulk by a distributor who is also a
producer to a distributor operating a bottling or processing plant shall
be accounted for as Class III milk by such selling distributor, and if
such buying distributor uses or sells such milk for other than Class III
purposes such buying distributor shall account for the difference between
the value of such milk at the Class III price and the value of such milk
at the Class I or Class II price according to its usage; such difference
in value shall be added to the computations pursuant to subdivision (a)
of paragraph 5.

(d) Any distributor who does not sell or distribute whole
- milk for ultimate consumption in the Sales Area:

(1) shall not sell cream to other distributors for distribution and ultimate consumption in the Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Sales Area;

(2) shall submit reports, upon request of the Market Administrator, containing such information as the Market Administrator may require with respect to cream or milk purchased from producers who do not have any part of their milk sold or distributed as Class I milk by any distributor, which information shall be kept confidential in the manner provided for in paragraph 3 (d) of Part II of this License;

(3) Shall not be subject to any of the terms or provisions of this Exhibit except as set forth in subparagraphs (1) and (2) above.

3. (a) On or before the th day of each delivery period each distributor (other than those who operate only stores or similar establishments) shall report to the Market Administrator in a manner prescribed by the Market Administrator, with respect to milk or cream delivered to or received by such distributor and/or produced by such distributor during the preceding delivery period:

*15 -

(1) The deliveries (at each location) of the producers who are not also distributors and new producers supplying such distributor;

(2) The total quantities of milk which were sold used or distributed by such distributor as Class I, Class II and Class III milk, respectively;

(3) The deliveries of milk made to such distributor by each other distributor, including distributors who are also producers;

- (4) The amount of milk produced by such distributor, if any, which was sold, used or distributed by him as Class I, Class II and Class III milk, respectively;
- (5) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) With respect to each distributor who is also a producer, the Market Administrator shall exclude from the computations made pursuant to paragraph 4, the quantity of milk produced and sold, used or distributed, by such distributor; provided, however, that where any such distributor has purchased milk from other producers, the milk so purchased from other producers shall be included in the computations of paragraph 4 and the value thereof shall be computed as follows: the quantity of such milk shall be ratably apportioned among such distributor's total Class I, Class II and Class III sales and multiplied by the Class I, Class II and Class III prices, respectively.

(c) All information furnished the Market Administrator pursuant to this paragraph 3 shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

4. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in subdivision (b) of paragraph 3, shall:

*16 -

(Note that in non-base-surplus markets there are two situations for which different sets of computations are required. Care should be taken that the form of computation selected contains appropriate language to fit the market facts. Check all references to paragraphs, subdivisions and sections and be certain that the language also fits the appropriate pool plan. The completion of this paragraph 4 should be left to the Dairy Section.)

For Base-Surplus Markets

- (1) shall not sell cream to other distributors for distribution and ultimate consumption in the Sales Area at a price less than the price at which such distributor sells similar cream for distribution and ultimate consumption nearest the location where milk is processed into such cream by such distributor, plus the reasonable cost of transporting such cream to the Sales Area;
- (2) shall submit reports, upon request of the Market Administrator, containing such information as the Market Administrator may require with respect to cream or milk purchased from producers who do not have established bases, which information shall be kept confidential in the manner provided for in paragraph 3 (d) of Part II of this License;
- (3) shall not be subject to any of the terms or provisions of this Exhibit except as set forth in subsections (a) and (b) above, with respect to milk purchased from producers who do not have established bases.

3. The established base for each producer (including each producer who is also a distributor) shall be the quantity of milk allotted to such producer in accordance with the provisions of Exhibit B.

The delivered base for each producer shall be that quantity of milk delivered by such producer to distributors which is not in excess of the established base of such producer.

The delivered base for each producer who is also a distributor shall be the quantity of milk produced by such producer which is sold, used or distributed by such producer as Class I, Class II and Class III milk which is not in excess of the established base of such producer.

- 5. On or before the th day of each delivery period the Market Administrator shall notify all distributors whose reports are included in the computations made pursuant to paragraph 4, of the blended price as determined above and of the Class III price as provided for in paragraph 1 above.

- 6. Each such distributor shall pay to producers including new producers on or before the th day of each delivery period for milk delivered by such producers during the preceding delivery period subject to adjustments and deductions which are to be made
- *17 - pursuant to Section a and of this Exhibit:

- (a) The blended price for the quantity of milk delivered by each producer; and
- (b) The price provided in Section for the total quantity of milk delivered by each new producer: .

No provision in this License shall be construed as controlling or restricting any producers' cooperative association, licensed as a distributor under this License, with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members; except that no such deductions or charges may be made by any such producers' cooperative association from any of its members, to meet a current operating loss incurred by such producers' cooperative association in its processing or distribution operations unless (a) expressly and specifically authorized by any such member to make such deduction or charge for such purpose, and (b) the producers' cooperative association notifies the Market Administrator of the same.

- 7. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited for the total value of the milk as computed for such distributor pursuant to subdivision (a) of paragraph 4; and
- (b) which shall be credited for the total payments to be made by such distributor pursuant to paragraph 6.

- *19 - On or before the th day of each delivery period the Market Administrator shall render a statement to each distributor showing the debit or credit balance, as the case may be, in the adjustment account of such distributor with respect to milk sold, purchased or used during the preceding delivery period. Debit balances shall be paid to the Market Administrator on or
- *20 - before the th day following such delivery period. Any funds so paid to the Market Administrator shall, as soon as reasonably possible, be paid out by him pro rata among the distributors in proportion to the amounts of adjustments to which, but only to the extent to which, they are entitled.

8. The Market Administrator may deduct from the total amount computed pursuant to subdivision (a) of paragraph 4 an amount suitable for the maintenance of a reserve fund against the failure or delay of distributors to make payments on adjustment accounts as provided in paragraph 7. Whenever the Market Administrator has a balance on hand in excess of such necessary reserve, he may add such amount or any part thereof to the total value of milk for any delivery period computed pursuant to subdivision (a) of paragraph 4. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. All such funds shall be kept separate by the Market Administrator and shall in no event be used by him to meet any costs or liabilities incurred by him under this License.

- *21 - 9. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and
- tests determined by the Market Administrator and/or

settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

*30 - SECTION B. Adjustments in Payments to Producers.

1. Each distributor shall make the following payments in addition to, or make the following deductions from, the prices to be paid producers including new producers pursuant to paragraph of Section A:

- If any producer has delivered to any distributor, during any delivery period, milk having an average butterfat content other than per cent, such
- distributor shall pay to each such producer
- cents per hundred pounds for each 1/10th of 1 per cent of average butterfat content above, or shall
- be entitled to deduct cents per hundred pounds
- for each 1/10th of 1 per cent of average butterfat content below per cent.

2. Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to the blended price as reported pursuant to paragraph of Section A, provided that such additional payments are made to all the producers supplying such distributor with milk of similar quality and grade. No distributor may accept services from or render services to a producer or an association of producers from whom he is purchasing milk without making a reasonable payment or charge, as the case may be, for such services.

(Transportation and country plant differentials)

*34 - SECTION C. Adjustments in Payments to Producers.

1. Each distributor shall make the following deductions from the payments to be made to producers excluding new producers
 *35 - as provided in Section A:

2. Each distributor shall make the following payments in addition to, or make the following deductions from, the prices to
 - be paid to producers (including new producers) pursuant to para-
 - graph of Section A:

If any producer has delivered to any distributor, during any delivery period, milk having an average
 - butterfat content other than per cent, such
 - distributor shall pay to each such producer
 cents per hundred pounds for each 1/10th of 1 per
 cent of average butterfat content above, or shall
 - be entitled to deduct cents per hundred pounds
 for each 1/10th of 1 per cent of average butterfat
 - content below per cent.

3. Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to
 - the blended price as reported pursuant to paragraph of Section A, provided that such additional payments are made to all the producers supplying such distributor with milk of similar quality and grade. No distributor may accept services from or render services to a producer or an association of producers from whom he is purchasing milk without making a reasonable payment or charge, as the case may be, for such services.

*12 - Form I or II, Paragraph 1 - A suggested form is as follows:

- "Class III- For each hundred pounds of milk, times
the average price per pound of 92 score
butter at wholesale in the
Market as reported by the United States
Department of Agriculture for the delivery
period during which such milk is purchased,
plus cents."

*13 - Form I or II, Paragraph 1 - If the Dairy Section deems it advisable to have more than three classifications of milk, the price for the fourth class should be inserted here. This will require appropriate revision of class definitions and class references throughout Exhibit A and Exhibit B when such exhibit covers establishment of bases. Check this carefully. If there are less than three classifications of milk appropriate revisions are to be made.

*14 - Form I or II, Paragraph 1 - In case the payments by distributors are to be made on a "calendar month" basis, then add the words:

"last day of each month."

If payments by distributors are to be made on a semi-monthly basis, then add the words:

"15th day of each month, or the period from the
16th day to, and including, the last day of each
month."

*15 - Form I, Paragraph 3, subdivision (a), subparagraph (1), or Form II, Paragraph 4, subdivision (a), subparagraph (1) - If there are no country plants, delete the phrase in parentheses:

"(at each location)".

*16 - Form I, Paragraph 4 - Note that there are two different combinations which require different sets of computations as follows:

Computation No. 1 - No country plants (Pool Plan No. I)
Computation No. II - Country plants (Pool Plan No. II)

Note that special forms to fit the above two plans are available so that the appropriate form may be inserted as Paragraph 4 on page 1-5 of Section A of Exhibit A.

*17 - Form I, Paragraph 6 or Form II, Paragraph 7 - If there are no country plants, the first Section will be "B"; if there are country plants, the first Section will be "C". The second section covering deductions from payments to producers should be labeled accordingly with the letter "C" or "D", respectively.

*18 - Form I, Paragraph 7, subdivision (b), or Form II, Paragraph 8, subdivision (b) - If milk is received at country plants, add the following sentence:

"Such credit shall be made after giving effect to the adjustments to be made pursuant to paragraph 1 of Section C, and before giving effect to the adjustments and deductions provided for in Sections C (2) and D of this Exhibit."

If there are no country plants, add the following sentence:

"Such credit shall be made before giving effect to adjustments and deductions provided for in Sections B and C of this Exhibit."

*19 - Form I, Paragraph 7, or Form II, Paragraph 8 - The day to be inserted here is two or three days after distributors are notified of the blended price.

*20 - Form I, Paragraph 7, or Form II, Paragraph 8 - The day to be inserted here is the same as the date on which distributors are to pay producers.

*21 - Form I, Paragraph 9, or Form II, Paragraph 10 - Insert the name of the producers' cooperative and state "hereinafter called the Association". If there are two or more such organizations, then include the following in lieu of the name of the cooperative:

"any functioning producers' cooperative, hereinafter called 'any Association' ('functioning producers' cooperative' means an association which, in the opinion of the Market Administrator, is furnishing services to its members in keeping with the requirements of the terms of this License.)"

FORM II - (BASE SURPLUS PLAN) - SECTION A -- Special instructions.
Most of the instructions follow those set up for Form I.

- *25 - Section A, Paragraph 5 - Note that there are two different combinations which require different sets of base-surplus computations as follows:

Computation No. 1 - No country plants (Pool Plan No. II)
Computation No. II - Country plants (Pool Plan No. IV)

Note that special forms to fit the above two plans are available so that the appropriate form may be inserted as Paragraph 5 on page II-5 of Section A of Exhibit A.

SECTION B.

- *30 - Section B - Adjustments in Payments to Producers - If there are no country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area, then this form is used for Section "B". In this event, Section "C" is apt to be the Section covering deductions from payments to producers.

SECTIONS B and C.

- *32 - Section B - Adjustments in Cost of Milk to Distributors, and Section C - Adjustments in Payments to Producers - If there are country plants operated by distributors so that freight allowances are to be made, then this form is to be used for Section "B". Section "C" is likewise cross-referenced to this Instruction. In this event, Section "D" is apt to be the Section covering deductions from payments to producers.

SECTION B.

- *33 - Section B - Adjustments in Cost of Milk to Distributors - Here insert the zone or freight differentials for the particular market since the prices in paragraph 1 of Section A are in terms f.o.b. distributors' plants in the Sales Area. Reasonable freight differentials may be allowed for Class I milk. Smaller differentials (usually one-eighth the amount allowed for Class I milk) may be allowed for Class II milk since it can be brought into the Sales Area as cream in more concentrated form. No freight differentials are allowed for Class III milk since it can be manufactured in the country. Country station adjustments may be considered for both Class I and Class II milk, depending upon the basis of purchase.

SECTION C.

*34 - Section C - Adjustments in Payments to Producers - If there are country plants operated by distributors this form is to be used as Section "C".

*35 - Section C,, Paragraph 1 - Here insert the zone or freight differentials to be used in making payments to producers.

SECTION , Deductions from Payments to Producers.

Note, as a general rule, if the market has no country plants, then this Section is to be labeled C; if the market has country plants, then this Section is to be labeled D.

*40 - Paragraph 1 - Insert amount which the Market Administrator may deduct for his cost of operation.

*41 - Insert the same date as is fixed in Section A for the time at which payments are to be made to producers.

*42 - Insert amount which may be deducted in order to render services and benefits to producers for whom such services are not rendered.

SECTIONS AS TO THE DESIGNATION OF THE MARKET
ADMINISTRATOR AND THE MILK INDUSTRY BOARD

These Sections are to be inserted as part of Exhibit A. Where there are no country plants, the Sections will be labeled, respectively, Sections "D" and "E". Where Country Plants are operated, the Sections will be labeled, respectively, Sections "E" and "F".

*50 - Insert either the letter "C" or "D", as the case may be, to refer to the Section relating to "Deductions from Payments to Producers".

SECTION - NEW PRODUCERS

(The letter for this Section will be "F" if form I or II is used for a market with no country plants, and "G" where form I or II is used for a market with country plants.)

- *51 - Section New Producers, Paragraph 1 - If the delivery period is semi-monthly, insert the word "sixth"; in monthly, insert the word "third".
- *52 - Section New Producers, Paragraph 1 - In the event that a base-surplus plan is used, the following unnumbered paragraph should be added:

"The Market Administrator shall allot a base to each new producer as soon as is practicable after such new producer commences to market milk, but

*51 - prior to the expiration of the full delivery period during which his milk is being sold in the

- Sales Area, which base shall be allotted in accordance with Exhibit B hereof. Provided, however, that such base shall not be effective for the purposes of Exhibit A until the

- expiration of said full delivery period."

- *53 - Section New Producers, Paragraph 2 - In the event that a base-surplus plan is used, the following paragraph should be used in lieu of paragraph 2:

"During the emergency period when the normal supply of milk from producers who have established bases is not sufficient to meet the Class I requirements of any distributor, such distributor may, with the prior approval of the Market Administrator, purchase milk of any producer who has no base, provided, however, that in any such event, the producer selling such milk shall be paid for the same depending upon the ultimate use of such milk and at the prices as provided for in paragraph 1, Section A, and such payment shall not be included in the computation as provided in paragraph 1, Section A, but shall be reported separately to the Market Administrator by the distributor who purchased the milk from such producer."

- *54 - Exhibit B, Rules for Establishment of Bases - It is a general policy of the Administration to approve of the inclusion of Base-Surplus plans where the same are well established in markets. In view of the fact that the establishment of bases is a considerable undertaking for a market, it is not thought wise to adopt a base-surplus plan as an innovation under a new Agreement and/or License.

II-2
For Base-Surplus Markets

2. (a) Class I milk means all milk sold or distributed by distributors as whole milk for consumption in the Sales Area.

Class II milk means all milk used by distributors to produce cream for sale or distribution by distributors as cream for consumption in the Sales Area.

Class III milk means the quantity of milk purchased, sold, used or distributed by distributors in excess of Class I and Class II milk.

(b) Except as provided in subdivision (c), milk purchased from producers by a distributor or produced by such distributor and sold during any delivery period as milk or cream outside the

Sales Area or sold as milk or cream by such distributor to another distributor (including any person who sells, uses, or distributes such milk or cream for ultimate consumption in any market with respect to which no License is in effect pursuant to Section 8 (3) of the Act covering such purchase from producers and such sale as milk or cream) shall be accounted for by such selling distributor as Class I and Class II milk, respectively, unless such selling distributor on or before the date fixed for filing reports with the Market Administrator for such delivery period shall furnish to the Market Administrator satisfactory proof that such milk or cream has been utilized for a purpose other than the sale, use, or distribution for ultimate consumption as milk or cream, in which event such milk or cream shall be classified in accordance with such other use.

(c) Milk or cream sold in bulk by a distributor who is also a producer to a distributor operating a bottling or processing plant shall be accounted for as Class III milk by such selling distributor, and if such buying distributor uses or sells such milk for other than Class III purposes such buying distributor shall account for the difference between the value of such milk at the Class III price and the value of such milk at the Class I or Class II price according to its usage; such difference in value shall be added to the computations pursuant to subdivision (a) of paragraph 5.

(d) Any distributor who does not sell or distribute whole milk for ultimate consumption in the Sales Area may purchase milk from producers who do not have established bases. Such distributor

- 4. (a) On or before the day of each delivery period each distributor (other than those who operate only stores or similar establishments) shall report to the Market Administrator in a manner prescribed by the Market Administrator, with respect to milk or cream delivered to or received by such distributor and/or produced by such distributor during the preceding delivery period:

*15 -

(1) The deliveries (at each location) of the producers who are not also distributors and new producers supplying such distributor, the total quantity of milk represented by the delivered bases of all such producers, and the total quantity of milk represented by the excesses over delivered bases of all such producers;

(2) The total quantities of milk which were sold, used or distributed by such distributor as Class I, Class II and Class III milk, respectively;

(3) The deliveries of milk made to such distributor by each other distributor, including distributors who are also producers;

(4) The amount of milk produced by such distributor, if any, which was sold, used or distributed by him as Class I, Class II and Class III milk, respectively;

(5) Such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) With respect to each distributor who distributes milk produced by him, the Market Administrator shall exclude from the computations made pursuant to paragraph 5 the delivered base of such distributor by ratably apportioning such delivered base among the distributor's total Class I, Class II and Class III sales; provided, however, that any milk produced by such distributor and sold or distributed which is in excess of his delivered base and any milk purchased from other producers by such distributor shall be included in the computations made pursuant to paragraph 5 and the value thereof computed as follows: The quantity of such milk shall be ratably apportioned among such distributor's total Class I, Class II and Class III sales and multiplied by the Class I, Class II and Class III prices respectively.

(c) All information furnished the Market Administrator pursuant to this paragraph 4 shall remain confidential in accordance with the provisions of the applicable General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

5. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in paragraph 4, shall:

subdivision (b) of

*25 -

(Note that in base-surplus markets there are two situations for which different sets of computations are required. Care should be taken that the computation form selected contains appropriate language to fit the market facts. Check all references to paragraphs, subdivisions and sections and be certain that the language fits the appropriate pool plan. The completion of this paragraph 5 should be left to the Dairy Section.)

6. On or before the th day of each delivery period the Market Administrator shall notify all distributors whose reports are included in the computations made pursuant to paragraph 5, of the blended price and of the Class III price as provided for in paragraph 1 above.

7. Each such distributor shall pay to producers including new producers on or before the th day after the end of each delivery period for milk delivered by such producers during such delivery period subject to adjustments and deductions which are to be made pursuant to Sections and of this Exhibit:

(a) the blended price for the quantity of milk delivered by each producer not in excess of such producer's delivered base;

(b) the Class III price for the quantity of milk delivered by each such producer in excess of such producer's delivered base; and

(c) the price provided in Section for the total quantity of milk delivered by each new producer.

No provision in this License shall be construed as controlling or restricting any producers' cooperative association, licensed as a distributor under this License, with respect to the actual deductions or charges, dividends or premiums to be made by such association from and/or to its members; except that no such deductions or charges may be made by any such producers' cooperative association from any of its members, to meet a current operating loss incurred by such producers' cooperative association in its processing or distribution operations unless (a) expressly and specifically authorized by any such member to make such deduction or charge for such purpose, and (b) the producers' cooperative association notifies the Market Administrator of the same.

8. The Market Administrator shall maintain for each distributor an adjustment account:

(a) which shall be debited for the total value of the milk as computed for such distributor pursuant to subdivision (a) of paragraph 5; and

(b) which shall be credited for the total payments to be made by such distributor pursuant to paragraph 7. Any distributor who is also a producer shall be credited, with respect to the milk produced and distributed by him, which is in excess of his delivered base, with the Class III price.

For Base-Surplus Markets

- *19 - On or before the th day of each delivery period the Market Administrator shall render a statement to each distributor showing the debit or credit balance, as the case may be, in the adjustment account of such distributor with respect to milk sold, purchased or used during the preceding delivery period. Debit balances shall be paid to the Market Administrator on or before
- *20 - the th day following such delivery period. Any funds so paid to the Market Administrator shall, as soon as reasonably possible, be paid out by him pro rata among the distributors in proportion to the amounts of adjustments to which, but only to the extent to which, they are entitled.

9. The Market Administrator may deduct from the total amount computed pursuant to subdivision (a) of paragraph 5 an amount suitable for the maintenance of a reserve fund against the failure or delay of distributors to make payments on adjustment accounts as provided in paragraph 8. Whenever the Market Administrator has a balance on hand in excess of such necessary reserve, he may add such amount or any part thereof to the total value of milk for any delivery period computed pursuant to subdivision (a) of paragraph 5. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. All such funds shall be kept separate by the Market Administrator and shall in no event be used by him to meet any costs or liabilities incurred by him under this License.

- *21 - 10. The Market Administrator and/or

shall at all reasonable times have the right to check sampling, weighing, and butterfat tests made by distributors, for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator and/or

, settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.

Blended Price Computation No. 1

The following draft of subdivisions to be inserted in connection with paragraph 4 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area.

(Cut here)

4. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in subdivision (b) of paragraph 3, shall:

- (a) Compute the total value, in each Class, of all the milk as reported by each and all distributors pursuant to paragraph 3, on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors except as provided in subdivision (c) of paragraph 2.
- (b) Compute the total quantity by hundredweight of all milk, the value of which is computed pursuant to subdivision (a) above, excluding milk delivered by new producers and by producers who are also distributors.
- (c) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 3 on the basis of the price provided in paragraph 1 for Class III milk.
- (d) Compute the total value of the quantity of milk delivered by the producers by subtracting from the amount obtained in subdivision (a) above the amount obtained in subdivision (c) above.
- (e) Compute the blended price by dividing the total value of all milk determined pursuant to subdivision (d) above by the total quantity of milk as determined in subdivision (b) above.

Blended Price Computation No. II

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A blended price for all milk (no base-surplus plan);
- (b) Country plants operated by distributors so that freight charges are to be made.

(Cut Here)

4. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in subdivision (b) of paragraph 3, shall:

- (a) Compute the total value, in each Class, of all the milk as reported by each and all distributors pursuant to paragraph 3, on the basis of the prices set forth in paragraph 1, making the proper adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors except as provided in subdivision (c) of paragraph 2.
- (b) Compute the total quantity by hundredweight of all milk, the value of which is computed pursuant to subdivision (a) above, excluding milk delivered by new producers and by producers who are also distributors.
- (c) Compute the total amounts to be paid to new producers by all distributors as reported pursuant to paragraph 3 on the basis of the price provided in paragraph 1 for Class III milk.
- (d) Compute the total value of the quantity of milk delivered by the producers ~~(excluding the quantity of milk as provided for in subdivision (b) above)~~ by subtracting from the amount obtained in subdivision (a) above the amount obtained in subdivision (c) above.
- (e) Compute the total adjusted value of the quantity of milk delivered by producers by adding to the total value of such milk computed pursuant to subdivision (d) the adjustments provided for in section C (1).
- (f) Compute the blended price by dividing the total adjusted value of all milk determined pursuant to subdivision (e) above by the total quantity of milk as determined in subdivision (b) above.

Base-Surplus Computation No. II

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A base-surplus plan;
- (b) Country plants operated by distributors so that freight charges are to be made.

(Cut here)

5. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in subdivision (b) of paragraph 4, shall:

- (a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, making the appropriate adjustments as provided in Section B, which computation shall not include milk purchased by distributors from other distributors, except as provided in subdivision (c) of paragraph 2.
- (b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4, excluding the delivered bases of producers who are also distributors. { including producers who are also distributors and
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4, of all producers, including all milk delivered by new producers by multiplying such quantity of milk by the price provided in paragraph 1 for Class III milk.
- (d) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the total adjusted value of the quantity of milk represented by the total delivered bases of all producers as reported by distributors, pursuant to paragraph 4, by adding to the total value of such milk, as computed in subdivision (d), the adjustments provided for in Section C (1).
- (f) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (e) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

Base-Surplus Computation No. 1

The following draft of subdivisions to be inserted in connection with paragraph 5 is suitable for a market plan having the following characteristics:

- (a) A base-surplus plan;
- (b) No country plants and all milk is delivered f.o.b. distributors' plants in the Sales Area.

(Cut here)

5. With respect to each delivery period, the Market Administrator, subject to the conditions set forth in subdivision (b) of paragraph 4, shall:

- (a) Compute the total value, in each class, of all the milk as reported by each and all distributors pursuant to paragraph 4, on the basis of the prices set forth in paragraph 1, which computation shall not include milk purchased by distributors from other distributors except as provided in subdivision (c) of paragraph 2.
- (b) Compute the total quantity of milk by hundredweight represented by the delivered bases of all producers as reported pursuant to paragraph 4, excluding the delivered bases of producers who are also distributors.
- (c) Compute the value of the milk purchased, sold or used by all distributors in excess of the total delivered bases as reported pursuant to paragraph 4, of all producers, including producers who are also distributors and including all milk delivered by new producers, and by multiplying such quantity of milk by the price provided in paragraph 1 for Class III milk.
- (d) Compute the total value of the quantity of milk represented by the total delivered bases of all producers by subtracting from the amount obtained in subdivision (a) the amount obtained in subdivision (c).
- (e) Compute the blended price for the quantity of milk represented by the total delivered bases of all producers by dividing the amount obtained in subdivision (d) by the quantity of milk represented by the total delivered bases of all producers as determined in subdivision (b).

The following facts are stated to be correct in substance
and are to be taken as a basis for the following
statements.

1. Introduction

The object of this report is to give a summary of the
work done during the year 1911 in the field of
the investigation of the properties of the

2. Summary

The following is a summary of the work done during the
year 1911 in the field of the investigation of the
properties of the

The first part of the report is devoted to a description
of the apparatus used in the experiments. It is
described in detail in the appendix. The results of
the experiments are given in the following table.

The second part of the report is devoted to a description
of the results of the experiments. It is described in
detail in the appendix. The results of the experiments
are given in the following table.

The third part of the report is devoted to a description
of the results of the experiments. It is described in
detail in the appendix. The results of the experiments
are given in the following table.

The fourth part of the report is devoted to a description
of the results of the experiments. It is described in
detail in the appendix. The results of the experiments
are given in the following table.

The fifth part of the report is devoted to a description
of the results of the experiments. It is described in
detail in the appendix. The results of the experiments
are given in the following table.